

# **ACCA Fundamentals Level**

## **Paper F1**

### **Accountant in Business**

  

## **Course Test 2**

<b>Question Paper</b>	
<b>Time allowed</b>	<b>2 hours</b>
<b>ALL FIFTY questions are compulsory and MUST be attempted</b>	

### **Instructions:**

Please attempt this exam under test conditions and attach the frontsheet complete with your name and address to your script. The completed package should be sent to BPP Professional Education.

Take a few moments to review the notes on the inside of this page titled, 'Get into good exam habits now!' before attempting this exam.

**DO NOT OPEN THIS PAPER UNTIL YOU ARE READY TO START UNDER EXAMINATION CONDITIONS**

ACF1CT08(J)

**AC18 – F1(CT2)**

# **ALL FIFTY questions are compulsory and MUST be attempted**

**Please write your answer on lined paper with one answer per line**

1 According to content theories of motivation, what is the most important question to ask?

- A 'What are the things that motivate people?'
- B 'How much money should they be paid?'
- C 'How can people be motivated?'
- D 'How much effort will employees need to make to get promoted?'

**(2 marks)**

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2 Separating the signing of cheques from the authorisation of payments is an example of which type of control?

- A Physical control
- B Internal check
- C Segregation of duties
- D Reconciliation

**(2 marks)**

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3 What was the main conclusion of the Hawthorne studies?

- A Job status is a strong motivator
- B Informal groups exercise a powerful influence in the workplace
- C Individuals are the most important aspect of people management
- D The prime motivator is fairness

**(2 marks)**

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4 What kind of power is used by a human resources manager who controls access to information about employee salaries?

- A Resource power
- B Legitimate power
- C Negative power
- D Expert power

**(2 marks)**

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5 Which one of the following is NOT a type of internal check?

- A Sequential invoicing
- B Pre-list
- C Post-list
- D Control total

**(2 marks)**

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6 According to the ACCA's code of ethics, which of these is a fundamental ethical principle?

- A Honesty
- B Objectivity
- C Efficiency
- D Trustworthiness

**(2 marks)**

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7 A transactions audit is the same as an operational audit

Is this statement true or false?

- A True
- B False

(1 mark)

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8 According to the 'ACCURATE' mnemonic of the qualities of good information, what does 'R' stand for?

- A Reliable
- B Required
- C Relevant
- D Reputable

(2 marks)

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9 Which of the following is a 'hygiene' factor?

- A Status
- B Recognition
- C Challenge
- D Interpersonal relations

(2 marks)

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10 Whose responsibility is it to take such steps as are reasonably open to them to prevent and detect fraud?

- A External auditors
- B Internal auditors
- C Directors
- D All of the above

(2 marks)

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11 Who identified different organisational cultures with Greek gods?

- A Harrison
- B Mintzberg
- C Porter
- D Handy

(2 marks)

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12 A management information system converts data from mainly internal sources.

Is this statement true or false?

- A True
- B False

(1 mark)

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13 Which one of these is NOT primarily a manifestation of organisational culture?

- A Management style
- B Freedom for subordinates to show initiative
- C Attitudes to quality
- D Equal opportunities

(2 marks)

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14 Who suggested that managers fulfil interpersonal, informational and decisional roles?

- A Handy
- B Taylor
- C Mintzberg
- D Drucker

(2 marks)

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15 What is 'fiduciary responsibility'?

- A A duty of faithful service
- B Compliance with financial reporting standards
- C A specific duty to look after the finances of the organisation
- D The monitoring and enforcement of all legal obligations

(2 marks)

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16 Corporate governance seeks to provide checks and balances to the power exercised by:

- A Audit committees
- B Executive directors
- C Non-executive directors
- D Managing director

(2 marks)

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17 Which of the following provides an example of indirect discrimination?

- A When one group is treated less favourably than another
- B When conditions are imposed, with which a substantial proportion cannot comply
- C When a person is penalised for giving information or taking action
- D The use of threatening, intimidatory, offensive or abusive language or behaviour

(2 marks)

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18 Primary and secondary goals are equally important in an organisation.

Is this statement true or false?

- A True
- B False

(1 mark)

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19 What is the name given to the view that management is responsible for the employment and deployment of assets in ways consistent with the overall strategy of the organisation?

- A Agency theory
- B Stakeholder theory
- C Stewardship theory
- D Contingency theory

(2 marks)

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20 Which of the following would NOT be a factor when negotiating pay scales?

- A Legislation
- B Merits of individual job holders
- C Trade union power
- D Skills available in the labour market

(2 marks)

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- 21 What is the 'stakeholder view' of company objectives?
- A The opinions of stakeholders are the only ones worth considering
  - B Company objectives should reflect the concerns of shareholders
  - C Managers are free to follow any course, as long as stakeholders approve
  - D Many groups of people have a stake or legitimate interest in what the company does
- (2 marks)**
- 

- 22 A job will be important compared to other tasks if it:
- A comes from a source deserving high priority
  - B has to be done immediately
  - C relates to the organisation's strategic objectives
  - D introduces new processes or procedures
- (2 marks)**
- 

- 23 Which of the following is a primary macroeconomic policy objective?
- A Business cycle
  - B Wages and salaries
  - C Inflation
  - D Welfare benefits
- (2 marks)**
- 

- 24 In the context of SMART criteria, the 'R' stands for .....  
Which word correctly completes this sentence?
- A Reputable
  - B Rational
  - C Realistic
- (1 mark)**
- 

- 25 What is the role of a nomination committee?
- A Assisting the human resources department with recruitment and selection
  - B Overseeing the process for board appointments and making recommendations
  - C Ensuring that the appraisal system operates effectively
  - D Taking major policy and strategy decisions
- (2 marks)**
- 

- 26 ..... is collected by the Revenue authority from an intermediary such as a retailer who then attempts to pass it on to consumers .  
Which of the following correctly completes the sentence above?
- A Direct tax
  - B Progressive tax
  - C Indirect tax
- (1 mark)**
-

27 Communication where the right person receives the right information in the right way at the right time is regarded as:

- A Expert
- B Efficient
- C Effective
- D Economical

(2 marks)

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28 Checking the signature on an expense claim is an example of what type of control?

- A Mandated
- B Discretionary
- C Application
- D Accounting

(2 marks)

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29 John is to conduct Fred's appraisal interview, and needs to deliver what he sees as constructive criticism. He is also determined that Fred should agree to the improvement plan that John has devised.

Which approach to appraisal is he apparently intending to follow?

- A Problem solving
- B Tell and listen
- C Tell and sell
- D Upward

(2 marks)

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30 Which of the following best describes the public sector?

- A Companies where profits are the driving factor
- B Companies which are owned by a wide proportion of the investing public
- C All those organisations owned and run by the government and local government.
- D Businesses owned by their workers or customers, who share the profits

(2 marks)

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31 What are the pre-requisites that make fraud a possibility?

- A Dishonesty, motivation and opportunity
- B Dishonesty, secrecy and risk
- C Motivation, risk and pressure
- D Motivation, pressure and control weaknesses

(2 marks)

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32 People represent a scarce and crucial asset which must be developed for organisational success.

Which function does this statement apply to?

- A Payroll processing
- B Human resources management
- C Production
- D Administration

(2 marks)

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33 What is the name given to depreciation of its currency by a government?

- A Devaluation
- B Demarcation
- C Distribution
- D Deflation

(2 marks)

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34 According to Honey and Mumford's learning styles, people who tend to be fairly slow, non-participative and cautious are known as \_\_\_\_\_

Which of the following words completes this sentence?

- A Theorists
- B Reflectors
- C Pragmatists

(1 mark)

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35 Which one of the following is regarded as the most integrated regional trade organisation?

- A Mercosur
- B NAFTA
- C EU
- D ASEAN

(2 marks)

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36 Which one of the following is an advantage of e-recruitment?

- A Quicker processing of application forms
- B Less human involvement
- C Pre-selection of people with Internet skills
- D No interviewing is required

(2 marks)

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37 Which of the following is a possible disadvantage of a manual accounting system?

- A There is a greater likelihood of system failure
- B The system is complicated to use
- C Lower productivity may result
- D Employees will require technical training

(2 marks)

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38 Giving an accounting candidate a bank reconciliation to perform is an example of which type of selection test?

- A Psychometric test
- B Proficiency test
- C Intelligence test
- D Personality test

(2 marks)

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39 What are the primary activities identified in the diagram of the value chain ?

- A Procurement, technology development, HR management, firm infrastructure
- B Inbound and outbound logistics, operations, marketing and sales, after sales service
- C HR management, infrastructural functions, logistics, marketing and sales
- D Production, sales, delivery, technology development, HR management

(2 marks)

40 Why are teams well adapted to decision-making?

- A Topics are evaluated from more than one viewpoint
- B Fear of letting down the team can be a powerful motivator
- C People feel more secure in a team
- D Teams are prone to 'groupthink'

**(2 marks)**

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41 'Psychologically close' and 'psychologically distant' styles of leadership are associated with which writer?

- A Fiedler
- B Adair
- C Ashridge
- D Taylor

**(2 marks)**

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42 Which one of the following is employed by the treasury function in managing the funds of an organisation?

- A Repaying sums borrowed when loans mature
- B Liaising with external auditors
- C Reporting to shareholders
- D Maintenance of adequate records to show transactions, assets and liabilities

**(2 marks)**

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43 Which one of the following is a characteristic of 'on the job' training?

- A A person is formally introduced and integrated into the organisation
- B Techniques used might include lectures, seminars or role plays
- C It utilises real work tasks as learning experiences
- D Trainees always work alone

**(2 marks)**

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44 Which of the following is a likely characteristic of a formal group?

- A Fluctuating membership
- B Task oriented
- C Regular socialising
- D Loose structure

**(2 marks)**

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45 Which of the following would a management accountant be responsible for?

- A Budgetary control reports
- B Wages and salaries
- C Credit control
- D Invoicing

**(2 marks)**

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- 46 Which one of the following statements applies in relation to 360 degree appraisal?
- A Employees are rated once a year
  - B Employees are required to rate themselves
  - C Annual bonuses are conditional upon satisfactory levels of customer feedback
  - D All subordinates rate their managers statistically

(2 marks)

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- 47 External auditors are employees of the company.  
Is this statement true or false?

- A True
- B False

(1 mark)

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- 48 Information is a valuable ..... and a key tool in maintaining .....

Which entries best complete this sentence?

- A Non-current asset; low costs
- B Resource; competitive advantage
- C Process; market share

(1 mark)

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- 49 The family life cycle identifies the various stages through which households progress.  
Is this statement true or false?

- A True
- B False

(1 mark)

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- 50 The team role identified by Belbin which has the drive and the courage to overcome obstacles is known as the .....

Which word correctly completes this sentence?

- A Implementer
- B Shaper
- C Co-ordinator

(1 mark)

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**End of Question Paper**



# **ACCA Fundamentals Level**

## **Paper F1**

### **Accountant in Business**

  

## **Course Test 2**

### **Suggested solutions**

## Answers

- 1 A Content theories of motivation suggest that the best way to motivate an employee is to find out what his/her needs are, and offer him/her rewards that will satisfy those needs **(Chapter 13)**
- 2 C Segregation of duties is a key control in fraud prevention **(Chapter 10)**
- 3 B This study is part of the human relations school of management theory, and describes the importance of groups within an organisation **(Chapter 11)**
- 4 B Legitimate power is the power which is associated with a particular job in an organisation **(Chapter 11)**
- 5 A Sequential invoicing is a control but is not a check.. **(Chapter 9)**
- 6 B This is one of the fundamental principles that members are expected to comply with **(Chapter 4)**
- 7 B A transactions audit is also known as a probity audit, aiming to detect fraud by using only substantive tests. An operational audit is concerned with monitoring management performance at every level, concentrating on the outputs of the system and the efficiency of the organisation **(Chapter 9)**
- 8 C The other distracters represent valid factors, but it is very important that information is relevant – if it is not needed for a decision then it should be omitted, no matter how interesting it may be **(Chapter 2)**
- 9 D The other factors are all ‘motivators’ **(Chapter 13)**
- 10 C Directors should ensure that activities are conducted honestly and that assets are safeguarded; establish arrangements to deter fraudulent conduct and to detect any that occurs; ensure that financial information is reliable **(Chapter 10)**
- 11 D Charles Handy developed the organisational cultures of Harrison in his book “The Gods of Management” **(Chapter 3)**
- 12 A The MIS usually transforms data from the underlying transaction processing systems into summarised files that are used as the basis for reports **(Chapter 2)**
- 13 D While commitment to equal opportunities can be seen as a product of the prevailing organisational culture, it is also likely to be driven by compliance with legal requirements **(Chapter 3)**
- 14 C Mintzberg suggests that in their daily working lives, managers fulfil these three types of managerial role **(Chapter 11)**
- 15 A There is a common tendency to confuse ‘fiduciary’ with ‘financial’. While financial responsibility is an important part of a manager’s role, it is only part of the overall requirement to show ‘faithful’ service **(Chapter 4)**
- 16 B Corporate governance is concerned with the power exercised by all executive directors, not just the MD, by introducing measures including NED’s and audit committees **(Chapter 5)**
- 17 B Option A refers to direct discrimination; Option C to victimisation; Option D is harassment **(Chapter 7)**
- 18 B There is a clear distinction between primary and secondary goals. A primary goal is the most important: the other goals support it **(Chapter 1)**
- 19 C According to this view, power is vested in the stewards of the company; ie the senior managers. Other groups take little or no part in the running of the company **(Chapter 5)**

- 20 B The individual job-holder can be paid extra personal bonuses in reward for performance, but would not be influential in setting overall pay scales for the role. **(Chapter 13)**
- 21 D While it is true that shareholder concerns matter (distracter B) and the approval/opinions of stakeholders can have an influence (distracters A & C), option D is the best answer **(Chapter 4)**
- 22 A Other conditions are that it adds value to the organisation's output, and the potential consequences of failure are long-term, difficult to reverse, far reaching and costly **(Chapter 14)**
- 23 C Primary macro-economic policy objectives include – growth, inflation, unemployment and balance of payments. **(Chapter 6)**
- 24 C The other options are plainly inaccurate **(Chapter 14)**
- 25 B The nomination committee needs to consider the balance between executives and independent non-executives, the skills possessed by the board, the need for continuity and the desirable size of the board **(Chapter 5)**
- 26 C A direct tax is paid direct by a person to the Revenue authority. Direct taxes can be progressive or proportional **(Chapter 6)**
- 27 C Information should always be directed towards the appropriate people in a timely and relevant way **(Chapter 14)**
- 28 B Discretionary controls are controls that, as their name suggests, are subject to human discretion **(Chapter 9)**
- 29 C The manager tells the subordinate how he has been assessed, and then tries to 'sell' the evaluation **(Chapter 18)**
- 30 C The other distracters in the question refer to private sector organisations (A & B) and cooperative societies (D) **(Chapter 1)**
- 31 A The risk of fraud may be reduced if these factors can be eliminated **(Chapter 10)**
- 32 B Organisations need to deploy skills in order to succeed **(Chapter 1)**
- 33 A The other options are plainly inaccurate **(Chapter 6)**
- 34 B Reflectors observe phenomena, think about them and then choose how to act **(Chapter 17)**
- 35 C The European Union aspires to a single market in goods, services and factors of production **(Chapter 7)**
- 36 C The other options are inaccurate as application forms will still need to be processed, interviews will be required and the Internet cannot replace human contact in assessing potential employees **(Chapter 15)**
- 37 C The other options are more likely to apply to computerised systems **(Chapter 8)**
- 38 B Proficiency tests are designed to measure an individual's current ability to perform particular tasks or operations relevant to the job **(Chapter 15)**
- 39 B Primary activities are directly related to production, sales, marketing, delivery and service **(Chapter 7)**
- 40 A The other options are all features of teams, but only option A is really relevant to decision-making **(Chapter 12)**
- 41 A Fiedler found that people become leaders partly because of their own attributes, and partly because of their situation **(Chapter 11)**
- 42 A The other distracters are more applicable to the financial accounting function **(Chapter 1)**

- 43 C On the job training maximises transfer of learning by incorporating it into 'real' work **(Chapter 17)**
- 44 B Formal groups will be intentionally organised, for a task which they are held responsible **(Chapter 12)**
- 45 A The other options are the responsibility of the financial accountant **(Chapter 8)**
- 46 B This is just one of several sources employed by 360 degree appraisal **(Chapter 18)**
- 47 B External auditors provide an independent review and therefore should not be employed by the company. **(Chapter 9)**
- 48 B Information is neither a non-current asset nor a process. **(Chapter 2)**
- 49 A The family life cycle combines the effects of age, marital status, career status (income) and the presence or absence of children **(Chapter 7)**
- 50 B This person is challenging and dynamic, and enjoys pressure, but may irritate other team members **(Chapter 12)**